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QUARTERLY REPORT

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

For The Quarter Ended December 31, 2002

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

BALANCE SHEETS

DECEMBER 31, 2002 AND 2001

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	ASSETS		
	Current Assets:		
1	Cash and cash equivalents.	\$ 19,509	\$ 22,233
2	Short-term investments.	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 2002, \$ 7,827 ; 2001, \$ 12,509). NOTE 2.	8,800	10,510
4	Inventories.	1,440	1,816
5	Prepaid expenses and other current assets.	1,257	1,394
6	Total current assets.	31,006	35,953
7	Investments, Advances, and Receivables. NOTE 3.	12,216	10,578
8	Property And Equipment - Gross. NOTE 4.	548,423	536,916
9	Less: Accumulated Depreciation/Amortization. NOTES 1 & 4.	(250,758)	(231,881)
10	Property And Equipment - Net.	297,665	305,035
11	Other Assets. NOTES 1 & 5.	77,001	77,001
12	Total Assets.	\$ 417,888	\$ 428,567
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts payable.	\$ 4,941	\$ 3,182
14	Notes payable.	-	-
	Current portion of long-term debt.		
15	Due to affiliates.	-	-
16	Other.	-	-
17	Income taxes payable and accrued.	-	-
18	Other accrued expenses. NOTE 6.	19,652	20,820
19	Other current liabilities. NOTE 7.	9,357	6,274
20	Total current liabilities.	33,950	30,276
	Long-Term Debt:		
21	Due to affiliates. NOTE 8.	200,000	200,000
22	Other.	-	-
23	Deferred Credits.	-	-
24	Other Liabilities. NOTE 9.	122,822	145,945
25	Commitments And Contingencies. NOTE 1.	-	-
26	Total Liabilities.	356,772	376,221
27	Stockholders', Partners', or Proprietor's Equity. NOTE 10.	61,116	52,346
28	Total Liabilities And Equity.	\$ 417,888	\$ 428,567

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002 and 2001

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	Revenues:		
1	Casino.	\$ 301,455	\$ 318,749
2	Rooms.	25,972	24,892
3	Food and beverage.	42,334	42,085
4	Other.	10,619	11,056
5	Total Revenues.	380,380	396,782
6	Less: Promotional allowances.	88,568	97,346 *
7	Net Revenues.	291,812	299,436
	Costs And Expenses:		
8	Cost of goods and services.	182,566	183,150
9	Selling, general, and administrative.	41,610	43,781 *
10	Provision for doubtful accounts.	2,569	3,927
11	Total Costs and Expenses.	226,745	230,858
12	Gross Operating Profit.	65,067	68,578
13	Depreciation and Amortization.	20,885	23,396
	Charges from affiliates other than interest:		
14	Management fees. NOTE 11.	9,961	10,472
15	Other.	-	-
16	Income (Loss) From Operations.	34,221	34,710
	Other Income (Expenses):		
17	Interest (expense)-affiliates.	(17,852)	(17,942)
18	Interest (expense)-external.	-	-
19	Investment alternative tax and related income (expense) - net.	(1,932)	(1,757)
20	Nonoperating income (expense) - net. NOTE 12.	388	77
21	Total Other Income (Expenses).	(19,396)	(19,622)
22	Income (Loss) Before Income Taxes And Extraordinary Items.	14,825	15,088
23	Provision (credit) for income taxes.	6,055	6,237
24	Income (Loss) Before Extraordinary Items.	8,770	8,851
25	Extraordinary items (net of income taxes - 20 __, \$)	-	-
26	Net Income (Loss).	\$ 8,770	\$ 8,851

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

* Restated to conform to the 2002 presentation.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2002 and 2001

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	Revenues:		
1	Casino.	\$ 67,255	\$ 75,140
2	Rooms.	6,174	6,052
3	Food and beverage.	10,260	10,296
4	Other.	2,511	2,550
5	Total Revenues.	86,200	94,038
6	Less: Promotional allowances.	19,340	22,706 *
7	Net Revenues.	66,860	71,332
	Costs And Expenses:		
8	Cost of goods and services.	44,175	45,484
9	Selling, general, and administrative.	10,582	11,737 *
10	Provision for doubtful accounts.	1,166	2,415
11	Total Costs and Expenses.	55,923	59,636
12	Gross Operating Profit.	10,937	11,696
13	Depreciation and Amortization.	4,921	6,239
	Charges from affiliates other than interest:		
14	Management fees. NOTE 11.	2,230	2,469
15	Other.	-	-
16	Income (Loss) From Operations.	3,786	2,988
	Other Income (Expenses):		
17	Interest (expense)-affiliates.	(4,461)	(4,473)
18	Interest (expense)-external.	-	-
19	Investment alternative tax and related income (expense) - net.	(249)	(476)
20	Nonoperating income (expense) - net. NOTE 12.	86	107
21	Total Other Income (Expenses).	(4,624)	(4,842)
22	Income (Loss) Before Income Taxes And Extraordinary Items.	(838)	(1,854)
23	Provision (credit) for income taxes.	(2,065)	(757)
24	Income (Loss) Before Extraordinary Items.	1,227	(1,097)
25	Extraordinary items (net of income taxes - 20__, \$)	-	-
26	Net Income (Loss).	\$ 1,227	\$ (1,097)

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

* Restated to conform to the 2002 presentation.

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND DECEMBER 31, 2002

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)		Retained Earnings (Accumulated) (Deficit) (i)	Total Shareholder's Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2000.....	3,002,510	\$ 30		\$	\$ 123,421	\$	\$ (79,956)	\$ 43,495
2	Net Income (Loss) - 2001.....							8,851	8,851
3	Contribution to Paid-in Capital.....								
4	Dividends.....								
5	Prior Period Adjustments.....								
6									
7									
8									
9									
10	Balance, December 31, 2001.....	3,002,510	\$ 30		\$	\$ 123,421	\$	\$ (71,105)	\$ 52,346
11	Net Income (Loss) - 2002.....							8,770	8,770
12	Contribution to Paid-in Capital.....								
13	Dividends.....								
14	Prior Period Adjustments.....								
15									
16									
17									
18									
19	Balance, December 31, 2002.....	3,002,510	\$ 30		\$	\$ 123,421	\$	\$ (62,335)	\$ 61,116

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENT OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND DECEMBER 31, 2002

(UNAUDITED)
(\$ IN THOUSANDS)

NOT APPLICABLE

Line (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2000. . . .				
2	Net Income (Loss) - 2001.				
3	Capital Contributions.				
4	Capital Withdrawals.				
5	Partnership Distributions.				
6	Prior Period Adjustments.				
7					
8					
9					
10	Balance, December 31, 2001. . . .				
11	Net Income (Loss) - 2002.				
12	Capital Contributions.				
13	Capital Withdrawals.				
14	Partnership Distributions.				
15	Prior Period Adjustments.				
16					
17					
18					
19	Balance, December 31, 2002. . . .				

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002 and 2001

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
1	Net Cash Provided (Used) By Operating Activities.	\$ 37,225	\$ 31,306
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.	-	-
3	Proceeds from the sale of short-term investment securities.	-	-
4	Cash outflows for property and equipment	(13,562)	(16,093)
5	Proceeds from disposition of property and equipment	96	266
6	Purchase of casino reinvestment obligations	(3,536)	(3,636)
7	Purchase of other investments and loans/advances made	(34)	-
8	Proceeds from disposal of investment and collection of advances and long-term receivables.	-	-
9	Cash outflows to acquire business entities.	-	-
10	Increase in construction - related liabilities.	-	-
11		-	-
12	Net Cash Provided (Used) By Investing Activities.	(17,036)	(19,463)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	-	-
14	Payments to settle short-term debt.	-	-
15	Cash proceeds from issuance of long-term debt.	-	-
16	Costs of issuing debt.	-	-
17	Payments to settle long-term debt.	-	-
18	Cash proceeds from issuing stock or capital contribution	-	-
19	Purchases of treasury stock	-	-
20	Payments of dividends or capital withdrawals.	-	-
21	Change in payable to affiliate.	(22,913)	(12,106)
22	Debt retirement costs	-	-
23	Net Cash Provided (Used) By Financing Activities	(22,913)	(12,106)
24	Net Increase (Decrease) In Cash And Cash Equivalents	(2,724)	(263)
25	Cash And Cash Equivalents At Beginning Of Year.	22,233	22,496
26	Cash And Cash Equivalents At End Of Year.	\$ 19,509	\$ 22,233

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Year For:		
27	Interest (net of amount capitalized)	\$ 17,852	\$ 17,942
28	Income taxes paid (refunded) - net	\$ 6,055	\$ 6,237

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002 and 2001

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	\$ 8,770	\$ 8,851
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.	20,885	20,343
31	Amortization of other assets.	-	3,053
32	Amortization of debt discount or premium.	-	-
33	Deferred income taxes - current.	-	-
34	Deferred income taxes - noncurrent.	-	-
35	(Gain) loss on disposition of property and equipment.	(49)	317
36	(Gain) loss on casino reinvestment obligations.	1,932	1,757
37	(Gain) loss from other investment activities.	-	-
38	Net (increase) decrease in receivables and patrons' checks.	1,710	(297)
39	Net (increase) decrease in inventories.	376	120
40	Net (increase) decrease in other current assets.	137	944
41	Net (increase) decrease in other assets.	-	(162)
42	Net increase (decrease) in accounts payables.	1,759	(4,237)
43	Net increase (decrease) in other current liabilities excluding debt.	1,915	872
44	Net increase (decrease) in other noncurrent liabilities excluding debt.	(210)	(255)
45	Loss on extinguishment of debt, net of tax benefit of \$.	-	-
46	Amortization of CRDA assets	-	-
47	Net Cash Provided (Used) By Operating Activities.	\$ 37,225	\$ 31,306

SUPPLEMENTAL SCHEDULE OF INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.	\$ (13,562)	\$ (16,093)
49	Less: Capital lease obligations incurred.	-	-
50	Cash Outflows For Property And Equipment.	\$ (13,562)	\$ (16,093)
	Acquisition Of Business Entities:		
51	Property and equipment acquired.	\$ -	\$ -
52	Goodwill acquired.	-	-
53	Net assets acquired other than cash, goodwill, and property and equipment.	-	-
54	Long-term debt assumed.	-	-
55	Issuance of stock or capital invested.	-	-
56	Cash Outflows To Acquire Business Entities.	\$ -	\$ -
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions.	\$ -	\$ -
58	Less: Issuances to settle long-term debt.	-	-
59	Consideration in acquisition of business entities.	-	-
60	Cash Proceeds From Issuing Stock Or Capital Contributions.	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	367,477	\$ 15,959		\$
2	Food	1,453,938	19,633		
3	Beverage	3,521,347	9,155		
4	Travel			77,961	2,876
5	Bus Program Cash	735,546	11,925		
6	Other Cash Complimentaries	1,303,942	28,279		
7	Entertainment	51,485	1,503	11,253	1,407
8	Retail & Non-Cash Gifts	7,586	1,678	14,681	4,138
9	Parking				
10	Other *	17,656	436	242,451	1,986
11	Total	7,458,977	\$ 88,568	346,346	\$ 10,407

FOR THE THREE MONTHS ENDED DECEMBER 31, 2002

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	87,253	\$ 3,582		\$
2	Food	333,414	4,878		
3	Beverage	839,225	2,181		
4	Travel			14,057	711
5	Bus Program Cash	153,031	2,454		
6	Other Cash Complimentaries	437,717	5,287		
7	Entertainment	16,910	486	4,330	542
8	Retail & Non-Cash Gifts	1,119	387	2,687	891
9	Parking				
10	Other *	3,630	85	55,814	435
11	Total	1,872,299	\$ 19,340	76,888	\$ 2,579

* No item in this category exceeds 5%.

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and basis of presentation

The accompanying financial statements include the accounts of GNOC, Corp., a New Jersey corporation (the "Company"). The Company is a wholly owned subsidiary of Bally's Park Place, Inc., which owns and operates the casino hotel resort in Atlantic City, New Jersey known as Bally's Atlantic City ("Bally's Atlantic City"), which is a wholly owned subsidiary of Park Place Entertainment Corporation ("PPE"). The Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as the "Atlantic City Hilton." The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations.

All adjustments to these financial statements have been recorded and are, in the opinion of management, necessary for a fair presentation of the balance sheets for the Company at December 31, 2002 and 2001, and its statements of income for the three and twelve months ended December 31, 2002 and 2001 and its statements of cash flows for the twelve months ended December 31, 2002 and 2001. All such adjustments were of a normal recurring nature.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Reclassifications

The financial statements for the prior year reflect certain reclassifications to conform with classifications adopted in 2002. The change in classifications had no effect on previously reported net income.

Revenue recognition and promotional allowances

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The statement of income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

In the first quarter of 2001, the Emerging Issues Task Forces (“EITF”) reached a consensus on certain issues in EITF 00-22 “Accounting for ‘Points’ and Certain Other Time-Based Sales Incentive Offers, and Offers for Free Products or Services to Be Delivered in the Future.” EITF 00-22 requires that cash rebates or refunds as part of a customer loyalty program be shown as a reduction of revenues.

EITF 00-14 “Accounting for Certain Sales Incentives,” which is effective January 1, 2002, focuses on the accounting for, and presentation of, discounts, coupons and rebates. EITF 00-14 requires that cash or equivalent amounts provided or returned to customers as part of a transaction should not be shown as an expense but should be an offset to the related revenue. The Company offers cash inducements and match-play coupons to customers to encourage visitation and play at the casino.

With the adoption of the new standards, the prior year period presented has been reclassified to conform to the new presentation. This resulted in an addition to promotional allowances (and a corresponding reduction in selling, general and administrative expenses) of \$7,741 and \$11,066, for the three months ended December 31, 2002 and 2001, respectively, and \$40,204 and \$49,670, for the twelve months ended December 31, 2002 and 2001, respectively. The requirements of EITF 00-14 and EITF 00-22 do not have an impact on previously reported operating income or net income.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the weighted average cost method.

Property and equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line basis over the estimated economic lives of the related assets. Depreciation expense was \$4,921 and \$5,476 for the three months ended December 31, 2002 and 2001, respectively, and \$20,885 and \$20,343 for the twelve months ended December 31, 2002 and 2001, respectively.

<u>Asset class</u>	<u>Life</u>
Buildings	40 years
Building improvements	3-10 years
Furniture, Fixtures and Equipment	3-10 years

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Costs in excess of acquired assets

In 1987, Bally Entertainment Corporation (formerly the parent of the Company) acquired the Company, other related properties and real estate leases in a transaction which was accounted for as a purchase.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). Under SFAS 142, goodwill and indefinite-lived intangible assets are no longer amortized but are reviewed at least annually for impairment. Separate intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives (but with no maximum life). The adoption of SFAS 142 had no effect on the Company's financial position and results of operations. During the twelve months ended December 31, 2001, the Company recorded \$3,053 in goodwill amortization. Pursuant to SFAS 142, this goodwill amortization ceased on January 1, 2002. Prior to the adoption of SFAS 142, the excess of the total acquisition cost and debt assumed over the fair value of net assets acquired (goodwill) had been amortized on the straight-line method over forty years.

Long-lived assets

In August 2001, the FASB issued Statement of Financial Accounting Standard No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 supercedes existing accounting literature dealing with impairment and disposal of long-lived assets, including discontinued operations. It addresses financial accounting and reporting for the impairment of long-lived assets, and for long-lived assets to be disposed of, and expands current reporting for discontinued operations to include disposals of a "component" of an entity that has been disposed of or is classified as held for sale. The Company was required to adopt SFAS 144 effective January 2002. Implementation of this standard did not have a material impact on the Company's financial statements.

Fair values of financial instruments

The fair values of the Company's financial instruments including receivables, payables and debt, approximate their recorded book values at December 31, 2002 and 2001.

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Income taxes

Taxable income or loss of the Company is included in the consolidated federal income tax return of PPE. The Company provides for income taxes by applying the respective state and federal statutory rates to the pre-tax financial statement income. The corresponding liability or receivable is credited or charged to PPE. Income tax assets and liabilities for permanent and temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by PPE.

Casino Reinvestment Development Authority

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by (i) investing in qualified eligible direct investments, (ii) making qualified contributions or (iii) depositing funds with the Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have varying terms of up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

Allocations and transactions with related parties

The Company transfers cash in excess of its operating needs to PPE on a daily basis. PPE provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other PPE affiliates are consolidated, including limousine services, advertising, sales and marketing services, purchasing and other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable. In addition, the Company leases land from Bally's Atlantic City.

Advertising and Marketing Fee

Hilton Hotels Corporation charges the Company for certain hotel reservation services, and advertising and marketing support in accordance with the fees established for participation in the Hilton HHonors Program, as well as a national and regional group advertising and sales promotions service fee equal to 1% of net room revenues.

GNOG, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 2 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Casino receivables (net of allowance for doubtful accounts – 2002, \$7,616; 2001, \$12,335)	\$ 5,778	\$ 7,996
Other (net of allowance for doubtful accounts – 2002, \$211; 2001, \$174)	2,563	2,226
Due from affiliates	<u>459</u>	<u>288</u>
	<u>\$ 8,800</u>	<u>\$ 10,510</u>

NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables consist of funds invested with the CRDA, net of related valuation reserves of \$6,811 and \$5,813 at December 31, 2002 and 2001, respectively.

The Company, Bally's Atlantic City and the CRDA entered into a credit exchange agreement and an investment agreement in 1998. The credit exchange agreement permits the exchange of certain current and future CRDA obligations between the Company and Bally's Atlantic City, resulting in a long-term payable to Bally's Atlantic City (See Note 9). The investment agreement provides an investment plan for the use of certain current and future CRDA funds. These agreements have accelerated the funding of credits due the Company under the aforementioned credit agreement.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Land	\$ 66,655	\$ 66,655
Buildings and improvements	314,357	312,074
Furniture, fixtures and equipment	163,676	155,630
Construction in progress	<u>3,735</u>	<u>2,557</u>
	548,423	536,916
Less accumulated depreciation and amortization	<u>(250,758)</u>	<u>(231,881)</u>
	<u>\$ 297,665</u>	<u>\$ 305,035</u>

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 5 - OTHER ASSETS

Other assets as of December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Cost in excess of acquired assets, less accumulated amortization of \$44,637	\$ 76,839	\$ 76,839
Other	<u>162</u>	<u>162</u>
	<u>\$ 77,001</u>	<u>\$ 77,001</u>

NOTE 6 - OTHER ACCRUED EXPENSES

Other accrued expenses as of December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Accrued payroll and benefits	\$10,008	\$ 9,452
Insurance claims	5,420	4,775
Other	<u>4,224</u>	<u>6,593</u>
	<u>\$19,652</u>	<u>\$20,820</u>

NOTE 7 - OTHER CURRENT LIABILITIES

Other current liabilities as of December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Due to Bally's Atlantic City	\$ 2,258	\$ 635
Due to Caesars World Merchandising, Inc.	3,473	1,790
Due to affiliates-other	1,089	799
Unredeemed slot promotions liability	825	1,010
Unredeemed chip and token liability	1,175	1,335
Other	<u>537</u>	<u>705</u>
	<u>\$9,357</u>	<u>\$ 6,274</u>

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 8 - LONG-TERM DEBT - DUE TO AFFILIATES

Long-term debt - due to affiliates as of December 31 consist of the following

	<u>2002</u>	<u>2001</u>
9% Note payable to Park Place Finance Corporation due January 1, 2009	<u>\$200,000</u>	<u>\$200,000</u>

In January 1999, the Company declared a \$200,000 distribution payable in the form of a note payable to Bally's Atlantic City. Bally's Atlantic City then immediately assigned the \$200,000 note payable to PPE. On July 1, 2000, PPE assigned the \$200,000 note payable to Park Place Finance Corporation. The note payable bears interest at a rate of 9% per annum, payable on the last business day of each quarter.

NOTE 9 - OTHER LIABILITIES

Other liabilities as of December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Due to PPE	\$122,236	\$145,149
Due to Bally's Atlantic City (See Note 3)	<u>586</u>	<u>796</u>
	<u>\$122,822</u>	<u>\$145,945</u>

Due to PPE consists of an unsecured, non-interest bearing intercompany account.

NOTE 10 - STOCKHOLDER'S EQUITY

At December 31, 2002 and 2001, the Company had 5,000,000 shares of common stock authorized; of such shares 3,002,510 were issued and outstanding.

NOTE 11 - CHARGES FROM AFFILIATES - MANAGEMENT FEE

The Company and PPE have entered into an administrative services and management agreement. Under the agreement, PPE provides certain services to the Company in the conduct of its business including, but not limited to operations, marketing, banking, accounting, insurance, tax, regulatory and public company reporting, human resource and benefit administration and other administrative functions. In consideration for these services, the Company pays PPE a monthly management fee equal to three percent of revenues, as defined.

GNOG, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 12 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) for the three months ended December 31 consists of the following:

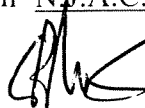
	<u>2002</u>	<u>2001</u>
Interest income	\$ 97	\$ 104
Gain (loss) on disposal of equipment	<u>(11)</u>	<u>3</u>
	<u>\$ 86</u>	<u>\$ 107</u>

Nonoperating income (expense) for the twelve months ended December 31 consists of the following:

	<u>2002</u>	<u>2001</u>
Interest income	\$ 339	\$ 394
Gain (loss) on disposal of equipment	<u>49</u>	<u>(317)</u>
	<u>\$ 388</u>	<u>\$ 77</u>

STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.



Signature

Assistant Vice President/Controller
Title

006243-11
License Number

On Behalf of:

GNOC, Corp. (Atlantic City Hilton)
Casino License

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

For The Year Ended December 31, 2002

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks	\$ 5,499		
2	Returned patrons' checks	7,895		
3	Total patrons' checks	13,394	\$ 7,616	\$ 5,778
4	Hotel Receivables	1,092	211	881
	Other Receivables:			
5	Receivables due from officers and employees	---		
6	Receivables due from affiliates	459		
7	Other accounts and notes receivables	1,682		
8	Total other receivables	2,141	---	2,141
9	Totals (Form CCC 205)	\$ 16,627	\$ 7,827	\$ 8,800

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 7,012
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	175,696
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(121,538)
13	Checks collected through deposits	(49,524)
14	Checks transferred to returned checks	(6,147)
15	Other adjustments	---
16	Ending Balance	\$ 5,499
17	"Hold" Checks Included In Balance On Line 16	\$ 0
18	Provision For Uncollectible Patrons' Checks	\$ 2,508
19	Provision As A Percent Of Counter Checks Issued	1.4%

Under penalties of perjury, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.

March 31, 2003

Date



Signature

Assistant Vice President/Controller

Title of Officer

ANNUAL EMPLOYMENT AND PAYROLL REPORT

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

For The Year Ended December 31, 2002

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2002

(\$ in thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES		
			(d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	(f) TOTALS
	CASINO				
1	Administration	14			
2	Gaming	741			
3	Slots	179			
4	Casino accounting	294			
5	Simulcasting	0			
6	Other	0			
7	Total-casino	1,228	\$ 33,662	\$	\$ 33,662
8	ROOMS	299	5,936		5,936
9	FOOD AND BEVERAGE	889	16,782	161	16,943
	OTHER OPERATED DEPARTMENTS				
10	Gas Station	5	96		96
11	Health Club / Pool Services	16	214		214
12	Telephone room	21	397		397
13	Retail stores	23	493		493
14	Coat Check	4	50		50
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	9	192	1,720	1,912
21	Accounting and auditing	44	1,381		1,381
22	Security	234	5,924		5,924
23	Other administrative and general department	62	1,723		1,723
24	MARKETING	203	6,637	1,091	7,728
25	GUEST ENTERTAINMENT	16	1,148		1,148
26	PROPERTY OPERATION AND MAINTENANCE	245	7,645		7,645
27	TOTALS - ALL DEPARTMENTS	3,298	\$ 82,280	\$ 2,972	85,252

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

FOR THE YEAR ENDED DECEMBER 31, 2002

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.



Signature

March 31, 2003
Date

Assistant Vice President/Controller
Title

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED

DECEMBER 31, 2002

(\$ IN THOUSANDS)

Supervised

3/31/03

LINE		
	Casino Win or (Loss)	
1	Table and Other Games Win	\$91,962
2	Slot Machines Win	\$216,092
3	Total Win	\$308,054
4	Less- Adjustment for Uncollectible Patrons' Checks: Provision for Uncollectible Patrons' Checks	\$1,758
5	Maximum Adjustment (4% of line 3)	\$12,322
6	Adjustment (the lesser of line 4 or line 5)	\$1,758
7	Gross Revenues (line 3 less line 6)	\$306,296
8	Tax on Gross Revenues - Reporting Year (8% of line 7)	\$24,504
9	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years	\$5
10	Total Taxes on Gross Revenue (the sum of lines 8 and 9)	\$24,509
	DEPOSITS MADE FOR TAX ON REPORTING YEARS GROSS REVENUES:	
11	JANUARY	\$1,468
12	FEBRUARY	\$1,779
13	MARCH	\$2,044
14	APRIL	\$2,346
15	MAY	\$1,881
16	JUNE	\$2,133
17	JULY	\$2,509
18	AUGUST	\$2,143
19	SEPTEMBER	\$2,496
20	OCTOBER	\$1,705
21	NOVEMBER	\$1,740
22	DECEMBER	\$1,920
23	JANUARY	\$340
24	Total Deposits Made for Tax on Reporting Year's Gross Revenue	(\$24,504)
25	Settlement of Prior Year's Tax on Gross Revenue Resulting from Audit or Other Adjustments - (Deposits) Credits	(\$5)
26	Gross Revenue Taxes payable (the net of lines 10, 24 and 25)	\$0

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF New Jersey :
COUNTY OF Atlantic : ss.

James McKenzie, being duly sworn according
Name

to law upon my oath deposes and says:

1. I have examined this Gross Revenue Annual Tax Return.
2. To the best of my knowledge, all the information contained in this Return has been prepared in conformity with the Casino Control Commission's Gross Revenue Annual Tax Return Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this Return is accurate.

Subscribed and sworn to
before me this 5th day
of March, 2003

Brenda S. Wallace

Signature
BRENDA S. WALLACE
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires March 30, 2005

Basis of Authority
to Take Oaths

James McKenzie
Signature

Casino Controller
Title

1231-11
License Number

On Behalf Of:

GNOC Corp T/A Atlantic City
Casino Licensee Hilton